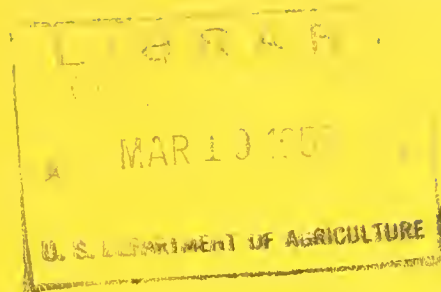


Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.



Reserve
A 280.29
F 226



³
* *Research in*
AGRICULTURAL COOPERATION

Problem Areas

PRELIMINARY *

²
U.S. **FARMER COOPERATIVE SERVICE**
U. S. DEPARTMENT OF AGRICULTURE
⁵⁰
WASHINGTON 25, D. C.

In Cooperation with
AMERICAN INSTITUTE OF COOPERATION

^{5c}
GENERAL REPORT 40 JANUARY 1958

*Formerly Miscellaneous Report 176,
issued July 1953*

FARMER COOPERATIVE SERVICE
U. S. DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

JOSEPH G. KNAPP, ADMINISTRATOR

This report is a reprint of Miscellaneous Report 176, issued in July 1953 when the Cooperative Research and Service Division was a part of the Farm Credit Administration. Since this Division in December 1953 became the Farmer Cooperative Service, U. S. Department of Agriculture, we are now re-issuing it as a publication of Farmer Cooperative Service.

Aside from the new cover page and number of report, no attempt has been made to revise the publication. For that reason, Cooperative Research and Service Division is still mentioned at a few places in the report.

The basic material in the report is still applicable to research needs in the field of agricultural cooperation. Continuing requests for the publication have led to its reprinting.

The Farmer Cooperative Service conducts research studies and service activities of assistance to farmers in connection with cooperatives engaged in marketing farm products, purchasing farm supplies, and supplying business services. The work of the Service relates to problems of management, organization policies, merchandising, product quality, costs, efficiency, and membership.

The Service publishes the results of the studies; confers and advises with officials of farmers' cooperatives; and works with educational agencies, cooperatives, and others in the dissemination of information relating to cooperative principles and practices.

CONTENTS

	Page
INTRODUCTORY STATEMENT.....	i
PURPOSE OF THE REPORT.....	iii
THE COOPERATIVE AS A FORM OF ECONOMIC ORGANIZATION.....	1
Economic concepts of the cooperative as a business organization...	1
Organizational structure of cooperatives.....	2
Legal aspects of cooperative organization and operation.....	4
The financing problems of cooperatives.....	5
Combination of the factors and combination of enterprises in the cooperative.....	6
Operational techniques (particularly methods and practices distinctive to cooperatives).....	8
Environmental and institutional factors influencing the character of cooperatives.....	10
THE ECONOMIC ROLE OF THE COOPERATIVE WITH RELATION TO THE MARKET....	11
Overcoming disadvantages of small-scale farming units.....	12
Cooperative adjustments to imperfections of the market.....	13
Effect of cooperatives on the price-making process.....	14
Role of cooperatives in improving the distribution of products....	15
The role of cooperatives in improving the procurement of farm production supplies.....	17
Role of cooperatives in market expansion.....	19
Role of cooperatives in relation to risks and uncertainties.....	19
Extent to which vertical integration should be carried by cooperatives.....	20
Extent to which horizontal integration should be carried by cooperatives.....	22
Conflict of interest among cooperatives.....	23
Role of cooperatives in international markets.....	23
Historical change in the economic role of cooperatives.....	24
THE RELATION OF AGRICULTURAL COOPERATIVES TO THE STATE AND TO SOCIETY	24
Studies of the relationship existing between government and cooperatives in certain foreign countries.....	24
Studies of the relationship existing between government and cooperatives in the United States.....	25
To what extent have agricultural cooperatives contributed to improvement of the national welfare?.....	26
To what extent do the activities of farmer cooperatives affect our capitalistic economy?.....	27
To what extent do the activities of farmer cooperatives contribute to a better understanding among the peoples of the world?.....	27
Effects of farmer cooperative activity upon the structure of agriculture.....	28
INTERNAL SOCIAL ORGANIZATION OF AGRICULTURAL COOPERATIVES.....	28
Motives and membership integration.....	29
Relation of organizational procedures to member knowledge, attitudes and participation.....	30

Securing and retaining membership.....	30
The significance of the sense of ownership on members.....	30
Analysis of factors influencing member morale toward cooperatives.....	31
Relation of types of organization to member knowledge, attitudes, and participation.....	32
Methods, techniques of presentation, and types of membership and management information.....	32
The relation of primary groups to the promotion and support of cooperatives.....	33
Classifications of cooperatives as social groups.....	34
Individual and group characteristics which are associated with participation in cooperatives.....	35
Personnel relationship and staff organization morale.....	37
Decision making in cooperative organizations.....	38
 RELATIONSHIP OF AGRICULTURAL COOPERATIVES TO THEIR SOCIAL ENVIRONMENT.....	
Relationship between cooperatives and other farm organizations....	40
Relationship between cooperatives and their communities.....	40
The relation of social ecology to cooperatives.....	40
The social effects of membership and participation in agricultural cooperatives on the community.....	41
Relations of cooperatives with their publics.....	42
Determine the most effective methods of conducting youth and adult education in agricultural cooperation.....	43
Political science implications of cooperative participation in political activities and in legislative efforts.....	44
 BASIC HISTORICAL, DESCRIPTIVE, AND STATISTICAL INFORMATION RELATING TO AGRICULTURAL COOPERATION.....	
Development and maintenance of historical records of cooperatives.....	45
Critical appraisal of cooperative progress or regression.....	45
Development and maintenance of statistical records.....	45
 APPENDIX.....	 46

INTRODUCTORY STATEMENT

When the American Institute of Cooperation was reorganized in 1945, its activities were broadened to provide for several advisory committees, including one on research which was later broadened to include education. During its first three years, this committee, under the chairmanship of the late Harold Hedges, Chief, Cooperative Research and Service Division, Farm Credit Administration, working with the Institute staff, made a survey of research underway in agricultural cooperation and assisted in making arrangements for a number of research projects.

In August 1949, the committee in session at Madison, Wis., during the annual meeting of the American Institute of Cooperation, considered making a survey of research needed in the field of agricultural cooperation that would bring up-to-date a publication issued by the Social Science Research Council in 1933 under the editorship of Dr. John D. Black of Harvard University (Bulletin 15, Research in Agricultural Cooperation, Scope and Method). In order to give the problem full consideration, the committee recommended that a group of research workers be invited to work with the committee at a special workshop to be called for the purpose of developing plans for implementing needed research in agricultural cooperation.

This workshop was held in December 1949, at Washington, D. C., at the time of the regular annual workshop of the Cooperative Research and Service Division. Those participating included L. A. Vennes, University of Kentucky; H. M. Haag, Missouri Farmers Association; G. A. Carpenter, Utah State Agricultural College; G. B. Wood, Purdue University; M. A. Schaars, University of Wisconsin; Frank Robotka, Iowa State College; J. K. Stern, American Institute of Cooperation; and Harold Hedges, Joseph G. Knapp, Martin A. Abrahamsen and Kelsey B. Gardner of the Cooperative Research and Service Division.

This group developed a preliminary list of problem areas for research which was enlarged through suggestions obtained by mail following the meeting. At the meeting, a conference of research workers was planned to be held prior to the 1950 session of the American Institute of Cooperation. This meeting was held at Allerton Park, Monticello, Ill., June 4-9, 1950, under the joint sponsorship of the Cooperative Research and Service Division and the American Institute of Cooperation.

Participants in the Monticello meeting included G. A. Carpenter, Utah State Agricultural College; G. W. Hedlund, Cornell University; E. F. Koller, University of Minnesota; A. L. Larson, Oklahoma A&M College; M. L. Manuel, Kansas State College; R. J. Mutti, University of Illinois; E. A. Perregaux, University of Connecticut; Frank Robotka, Iowa State College; L. F. Stice, University of Illinois; L. A. Vennes, University of Kentucky; D. B. DeLoach, Bureau of Agricultural Economics, USDA; J. K. Stern, American Institute of Cooperation; and Harold Hedges and Kelsey B. Gardner of the Cooperative Research and Service Division.

The purposes of the Monticello meeting were (1) to agree upon major categories of agricultural cooperation in which research is needed, (2) to divide each of these major categories into significant subgroupings or problem areas, (3) to develop under these subgroups questions or fields in which specific research projects appear to be more particularly needed, and (4) to develop sample project outlines illustrative of research which might be undertaken for masters' theses, doctoral dissertations or by professional research personnel in the field of agricultural cooperation.

The Monticello meeting made progress toward meeting the objectives. It was agreed that efforts should be directed along these lines rather than to attempt a revision of Social Science Bulletin 15. This basic bulletin, published in 1933, contained a list of 79 project titles, for most of which detailed statements of needs, objectives, and research procedures were included.

Six general topics were decided upon by the group at Monticello as major areas in which research in agricultural cooperation is currently needed. Substantial progress was made in outlining the problem areas for four of the six general topics. The work of the group was summarized in Special Report 233 released in July 1951 under the title, "Research in Agricultural Cooperation: Problem Areas (Preliminary Statement)." This report was issued by the Cooperative Research and Service Division in cooperation with the American Institute of Cooperation. During the following year numerous suggestions were received for possible incorporation in a revised statement. A limited number of these were directed toward modifying Special Report 233 which was based primarily on notes developed at the Monticello Conference. The greater number of the suggestions, however, comprised new material. Contributors included agricultural economists at agricultural colleges, members of the staff of the Cooperative Research and Service Division, and a committee representing the interests of rural sociologists.

The committee of rural sociologists consisted of Carl C. Taylor, Bureau of Agricultural Economics, Chairman; George M. Beal, Iowa State College; H. W. Beers, University of Kentucky; M. E. John, Pennsylvania State College; and Lowry Nelson, University of Minnesota. The group met in Washington, D. C., February 26 to 29, 1952, under the joint sponsorship of the American Institute of Cooperation and the Cooperative Research and Service Division. The results of the committee's work were presented as problem areas Nos. I - IX, under the general heading "Noneconomic aspects of cooperatives," beginning on page 41, in Special Report 243, issued August 1952, as "Research in Agricultural Cooperation: Problem Areas (Preliminary Statement - Revision No. 1)."

In connection with Special Report 243, acknowledgment is made of the contributions of Dr. A. L. Larson, based on 2-weeks' work in Washington, D. C., in April 1952.

The rural sociologist committee on research in agricultural cooperation met in Chicago, March 30 to April 1, 1953, to revise its original

statement prepared in Washington in February 1952, following review and suggestions from various workers in the field of rural sociology. The following rural sociologists were present: R. E. Wakeley, Iowa State College; Lowry Nelson, University of Minnesota; H. W. Beers, University of Kentucky; M. E. John and E. J. Brown, Pennsylvania State College; and D. L. Gibson, Michigan State College. J. K. Stern represented the American Institute of Cooperation and Harold Hedges the Cooperative Research and Service Division. Suggestions, rearrangement, and revision of material developed at this meeting are presented in this publication.

This report is the outgrowth of a continued effort of the American Institute of Cooperation and the Cooperative Research and Service Division, assisted by agricultural economists, rural sociologists, and others from a number of agricultural colleges and other agencies to develop plans for and encourage research in agricultural cooperation. It represents a broad consensus of needed research in agricultural cooperation. Kelsey B. Gardner, Cooperative Research and Service Division, prepared this report and preceding reports from material developed at the conferences and from suggestions submitted by Division staff members and others.

PURPOSE OF THE REPORT

The primary objective of this report is to assist research workers by directing their attention to areas in agricultural cooperation where research is needed. Individual projects within each problem area may then be developed on the basis of the need and interest in the project on the part of interested cooperatives and the research institution, time and funds available, capacity of the research worker, and other pertinent considerations.

It is hoped that this preliminary outline will stimulate research. It is recognized that, as a general procedure, research in agricultural cooperation must be carried on by many workers representing many varied interests in the field, including those of their sponsoring institutions and cooperatives. Research in the field must of necessity be largely on an individual project basis rather than highly coordinated as to objectives and procedure because the machinery for research is directed and controlled by many independent agencies and institutions.

The Cooperative Research and Service Division and the American Institute of Cooperation believe this publication, even in its present form, will assist workers to select and develop projects of basic value to agricultural producers and their cooperatives. As sponsors of this project, both organizations wish to be of all possible service in furthering research in agricultural cooperation and to assist in coordinating research wherever practicable. Both organizations will welcome suggestions and information on both active and proposed research in agricultural cooperation.

RESEARCH IN AGRICULTURAL COOPERATION PROBLEM AREAS

Research in marketing from the point of view of society is concerned with problems of supplying people with goods and services in the most efficient manner possible. It is important for organizations providing these goods and services not only to be efficient but also stable and democratic. Not only is the aim of lower costs of goods and services to consumers an area where marketing organizations, both cooperative and noncooperative, can do research but, in addition, studies are needed of the various methods of providing goods and services under conditions wanted by society.

Research in agricultural cooperation is concerned with these aims insofar as they may apply to the cooperative buying and selling of goods and services by and for farmers. Many of the problems of cooperatives are similar to those of other firms, and they may be solved similarly. However, many problems of cooperatives are different from those of other agencies. This manual sets forth distinctive areas of research in cooperative buying and selling together with examples of project statements.

THE COOPERATIVE AS A FORM OF ECONOMIC ORGANIZATION

A cooperative is a form of economic organization in which the member or stockholder usually exercises control on the basis of membership rather than in relation to his financial investment. It is essentially an integration device joining, for example, the production of commodities on the farm with their sale in markets. Savings, which may result from underpayment or overcharges, are returned to the patron upon the basis of the amount of business done with the cooperative--either dollar volume or physical volume. This section is concerned with problems relating to the cooperative as a form of economic organization.

ECONOMIC CONCEPTS OF THE COOPERATIVE AS A BUSINESS ORGANIZATION

Problems and Needs

There is considerable misunderstanding and a wide range of views regarding the economic nature of the agricultural cooperative, the principles which distinguish it from other forms of business organizations, and its place in a capitalistic economy. Further, the American concepts of a cooperative may vary in a substantial way from those held by economists and others in areas operating under other forms of economy.

Does the cooperative have distinctive internal characteristics which make it peculiarly useful to a farmer in improving his competitive position? If so, what is the nature of these gains and how may they be measured? There is substantial need for careful analyses of the economic concepts of the cooperative as a form of business organization. Not only should there be thoughtful examination of its basic principles, but

also of the various practices developed to make these principles effective. The latter need to be evaluated and new practices tested in the light of changing economic conditions. Then, too, research may aid in providing answers to such problems as the effect of nonmember business and the influence of variations in the scale of operations on the cooperative character of the organization.

Research Areas

1. The evolution of cooperative principles in the United States. (Have American cooperatives developed a set of principles different from the Rochdale and Danish?)
2. The evolution of cooperative principles outside the United States.
3. The economic nature of a cooperative. (Is the cooperative an integration of farm business units? Is the cooperative a firm? If not, what is it?)
4. The distinctive characteristics of cooperatives in comparison with mutuals, partnerships, corporations, and other forms of business organization from the standpoints of laws, organization, and operations.
5. Cooperatives and their place in capitalistic, socialistic, mixed and other types of economies.
6. Economic nature of the gains to members from cooperation through minimized costs, maximized sales proceeds, patronage refunds, and other sources.
7. Nonmember business as it affects the cooperative character of the organization.
8. Effect of growth in the scale of operations on the cooperative character of organizations.
9. Economic relationships between agricultural cooperatives and competing businesses. (See numerous suggested research areas in "The economic role of the cooperative with relation to the market," pages 11 to 24.)
10. Effect of the Federal income tax statutes upon the operation of cooperatives.

ORGANIZATIONAL STRUCTURE OF COOPERATIVES

Problems and Needs

Cooperative organizations require important modification in their organizational structure as compared with noncooperative organizations operating in the same field. These differences reflect the organization's cooperative character. Among cooperatives there exist widely

different organizational structures. The varying degrees of effectiveness with which these numerous forms have been employed suggest the broad nature of this problem area.

What are some of the significant elements of the problem area? What organizational forms and methods are used to reflect membership control? What ways do they affect the relationships existing between the individual member and his association? How do they affect the relationships existing among affiliated organizations?

Changing economic conditions together with the continuing growth of large-scale organizations present a definite need for research dealing with the organizational structure of cooperatives. The multiplicity of operations in many organizations emphasizes this need still further.

The methods employed by local and regional organizations in reflecting member-control should be critically studied and evaluated. The effectiveness with which adequate division and recognition of responsibilities have been developed among the cooperative corporations comprising a federated organization is important to the proper operation of the federation.

Research Areas

1. Appraisal of the methods of providing for member control in the cooperative structure through representation, districting, nominating, voting, and other procedures.
2. Analysis of factors influencing bylaw patterns and content.
3. Appraisal of the essential features incorporated in cooperative bylaws.
4. Factors affecting the choice between the federated and the centralized regional type of cooperative such as flexibility and ease of adjustment to changing economic conditions in financing, merchandising, and other areas. See 2, page 18.
5. Possibilities and limitations of independent, unaffiliated local cooperatives. (In different commodity fields, bargaining power, relative efficiency and savings.)
6. Possibilities and limitations of autonomous, affiliated local cooperatives operating under central management contracts, and of centrally owned local branches. See 8, page 8.
7. Problems involved in effective division of responsibilities between the federation and its affiliated cooperatives, in such matters as finance, information, credit, and control.
8. Relation of large farmers to the control of the affairs of agricultural cooperatives.

LEGAL ASPECTS OF COOPERATIVE ORGANIZATION AND OPERATION

Problems and Needs

Agricultural cooperative corporations possess both economic and legal characteristics. The legal and economic concepts of this form of business are not always in agreement. This variation has contributed in substantial measure to an incomplete and sometimes mistaken understanding of the nature of the organization, its legal responsibilities, and rights. The agency concept of cooperatives carrying with it the operation at cost principle has not been fully explored and analyzed from either legal or economic viewpoints. The use of the corporate form by both the cooperative and the noncooperative has resulted in misconceptions of their respective natures, objectives, and operations. They are frequently mistakenly regarded as similar on points which are definitely dissimilar. The public relations problem of cooperatives arising from the Federal income tax laws is illustrative.

The prevailing inconsistencies between various State and Federal laws defining cooperatives and dealing with their rights and responsibilities are in need of study, and clarification. The need for more uniformity on essential features in these laws should be determined.

Inconsistencies between legal and economic concepts need to be eliminated either through understanding and modification of present laws or possibly through the development of a new legal form of organization for the cooperative association.

The position of the nonmember patron of a cooperative requires examination from both legal and economic viewpoints because of the profit nature of nonmember business in some organizations and its effect upon the character of the cooperative engaging in it.

Research Areas

1. Consistency of the economic and legal concepts of cooperation. (Lawyers and economists should collaborate in developing these concepts.)
2. Significance to organization and operation of the inconsistencies in State incorporation acts and Federal statutes relating to cooperatives.
3. Evolution of legal sanction of cooperative organization and practices.
4. Applicability to the cooperative form of enterprise of standard legal concepts of contracts, agency, trusts and fiduciary law.
5. The legal evolution and status of marketing contracts.
6. The legal adequacy of various methods of membership offer and acceptance.

7. The "corporate person" concept and its influence on cooperatives.
8. Development of a satisfactory form of legal recognition for cooperatives other than corporate form.
9. Legal and economic position of nonmember patrons.
10. Legal status of deferred equities of patrons including reserves.
11. The legal aspects of cooperatives and restraint of trade.
12. Comparison of laws of incorporation of various cooperatives, mutual, and other nonprofit associations.

THE FINANCING PROBLEMS OF COOPERATIVES

Problems and Needs

Lack of adequate capital is a factor limiting the progress of numerous farmer cooperatives as successful business organizations. There may be a variety of reasons for this. One is the failure of a member to recognize his individual responsibility to provide necessary capital. Another may be the dominant desire of a farmer to give primary consideration to financing his individual production. Then there may be a lack of understanding on the part of lending agencies as to the credit worthiness of a cooperative. Still another may be the financial interest of lenders in competing firms. Finally, the financial status of farmers may be such that providing initial capital for a cooperative presents a serious handicap.

These inherent difficulties in financing have led to the development and adoption of a number of methods of capital accumulation which are distinctive to the cooperative--the capital retain, retaining savings, and the revolving fund method, are examples. There is need for detailed examination of the nature of the capital requirements of cooperatives as related to commodities handled and services rendered, and of the responsibilities of patrons to provide such capital. The sources of capital and credit deserve study. Appraisal of the various methods of capital accumulation should be made. The problem of financing as related to organization control is still another area calling for research attention.

Research Areas

1. Evolution of methods of capital financing of cooperatives. (General and case studies.)
2. Evolution of sources of borrowed capital of cooperatives.
3. Advantages and disadvantages of various methods and forms of patron financing.

4. Revolving fund financing--objectives, methods, limitations, advantages.

a. Special problems of the federation and its member associations.

5. Methods of financing as related to member-patron control and acceptance.

6. The place of the outside investor in cooperative financing.

7. The rate of return on member capital as a factor in cooperative financing.

8. The loan capital theory in cooperative financing. (The limited-return-to-capital problem.)

9. Transferability and marketability of capital equities of cooperatives.

10. The effect of changes in the economic position of farmers on the financing of cooperatives.

11. Relation between member investment and member participation in agricultural cooperatives. Also see nos. 1-6, top of page 31.

12. Use of so-called "social capital" for various types and functions of cooperatives.

13. Factors relating to associating savings programs with cooperatives.

14. Cooperative financing of patrons for production and harvesting operations, such as seed, plants, fertilizer, grove-caretaking, and containers.

COMBINATION OF THE FACTORS AND COMBINATION OF ENTERPRISES IN THE COOPERATIVE

Problems and Needs

Farmers organize cooperative businesses in order to do things which the size of their individual farms and the nature of farming do not permit them to do as individuals. In order to render the best possible service to their patrons, cooperatives must be efficient business organizations. Efficiency in turn is dependent on proper relationships between plant, equipment, labor, and management on a scale appropriate to the business being conducted.

The size of farms, ease of transportation, and relative costs of various factors are constantly changing. In general, the combination of factors has worked toward an increased ability to serve farmers over a wider territory in larger and more efficient plants than in the past. It is necessary to know the least cost combinations of size of plant, on the

one hand, and costs of transportation to those plants, on the other, for various types of cooperative business in order that farmers can develop more efficient cooperatives. For example, how large must a country petroleum distribution business be for satisfactory efficiency and over what distance can it deliver economically? What combination of size and delivery costs results in the least cost to members?

Relative costs of labor, supplies, management and equipment change with varying conditions. In addition, technological improvements disturb the relationships existing among these factors. Therefore, it is essential for each cooperative, regardless of its size, to know what combination of equipment, labor, and techniques will make for the lowest cost of operation. Some cooperatives are able to perform a function at less cost than others of equal size. Determination of the reasons for these differences is needed.

Some cooperatives concentrate in single commodities or services. Others handle a group of commodities or services. Again, farmers need to know the circumstances under which each of these procedures results in maximum benefit to patrons. Is it economic for purchasing cooperatives to add marketing functions, or to diversify purchasing services? Conversely, can marketing cooperatives operate more economically by handling several products or by adding purchasing services?

During the last 25 years the trend in cooperation has been toward taking farm products farther and farther through the marketing system or in the case of purchasing to go farther and farther towards the sources of supply. Doing this requires large amounts of capital and competent management, and it is done at considerable risk. Research is needed to indicate the basic conditions under which this type of integration will be successful and beneficial to patrons.

Research Areas

1. Efficiency of operation of single commodity or service cooperatives, such as least cost combination and firm analysis.
2. Combination of enterprises in cooperatives--in specialized and in diversified firms.
3. Optimum scale of operations--effect of technological and other changes.
4. Combination of factors as affected by form of organization and policies. (Influence of centralized and federated forms of organization.)
5. Possibilities and limitations in horizontal combinations of cooperatives. (Consolidation of locals and consolidation of federations in various commodity or service fields. Refer to "Extent to which horizontal integration should be carried by cooperatives," page 22.)

6. Possibilities and limitations in vertical integration in cooperatives. (Refer to "Extent to which vertical integration should be carried by cooperatives," page 20.)

7. Economies of scale as related to the cooperative pattern. (County units vs. smaller local units, state-wide vs. area-wide associations, farm organization-sponsored vs. non-sponsored associations. Refer to "Overcoming disadvantages of small-scale farming units," page 12.)

8. Economic advantages and limitations of central management for local cooperative associations. See 6, page 3.

OPERATIONAL TECHNIQUES (PARTICULARLY METHODS AND PRACTICES DISTINCTIVE TO COOPERATIVES)

Problems and Needs

All businesses have the common problem of adapting their operations and practices to the needs of those for whom they handle goods and services in the most efficient and effective manner possible. Cooperative businesses face additional problems because they are organized as nonprofit associations for the mutual benefit of their members. In contrast to forms of business which have as their objective the maximizing of their corporate net income, the cooperative is obligated to operate at cost and to charge only enough for services performed for its members to cover costs incurred both in the immediate and in the long run.

Inasmuch as returns and expenses cannot be determined precisely for an item at the time it is received or delivered, the necessity arises for developing a method or methods for distributing excess charges or losses in the most equitable manner among the members. Pooling and the use of patronage refunds are the most common methods used. Substantial differences exist among cooperatives in the way these methods are applied and in the degree of refinement attained. Research is needed to find the extent and significance of variations in the methods of determining (a) the cost of services performed, (b) what charges to make, and (c) how to handle overcharges and underpayments. Such an investigation should be of value in developing more equitable bases of pricing and settlement. Research would include study of the best accounting techniques and practices to coincide with the above objective.

A major objective of most cooperatives as stated in their articles of incorporation is to help improve the income of their members. This objective implies a responsibility for the cooperative to perform such services and adopt such practices as will help members to conduct their farm businesses in accord with the more progressive known methods as well as to cut the cost of the functions performed by the cooperative. Inasmuch as such services or practices may be uncommon, a problem exists in determining how cooperatives can best implement such programs.

Finally, the cooperative form of business organization faces some particular problems in recruiting, training, utilizing, and paying personnel so that they may perform their duties in a manner compatible with the cooperative form of organization and with efficient operation.

Research Areas

1. Emergence of operation at cost and its economic implications.
2. Methods of attaining the objective of operation at cost in a cooperative:
 - a. Survey and appraisal of various methods under different sets of conditions.
 - b. Analysis of various pooling plans.
 - c. Analysis of patronage refund methods such as problems of equity and joint costs.
 - d. Problems in accounting for patronage.
 - e. Problems of equity in dealing with large and small patrons.
3. Price policies of cooperatives as they affect producers. Refer to "Effect of cooperatives on price-making process," page 14.
 - a. Price policies as they affect equity including arbitrary differentials to attract quality, and differentials based on size of deliveries.
 - b. Price policies as they affect seasonal deliveries and purchases.
 - c. Pricing at the market or at cost.
 - d. Pricing and purchasing policies followed by cooperatives in various phases of the business cycle.
4. Possible economic gains through improvement devices. (Grade standards in marketing and purchasing cooperatives.)
5. Economic role of merchandising in cooperatives in its relation to their producer patrons.
6. Problems involved in adapting accounting and auditing principles and practices to the needs of cooperatives.
7. Methods used by representatives of regional cooperatives in contacting personnel of local member associations.

ENVIRONMENTAL AND INSTITUTIONAL FACTORS INFLUENCING THE CHARACTER OF COOPERATIVES

Problems and Needs

The character of cooperatives is molded by innumerable environmental and institutional forces operating in the areas which they serve. Research is needed to determine more definitely the nature of these forces and to ascertain their impact on associations under varying conditions.

One group of problems in this area which deserves further study is the influence which the commodities handled and services performed by an association have on its cooperative structure and operations. For example, what are the effects of handling commodities available during short seasons? What are the consequences when the services of a cooperative are needed only infrequently, as is the case in certain types of credit cooperatives? What are the effects on structures and operations of associations whose products are highly perishable as contrasted with those in which the products are stable in character and storable? The research investigator may inquire into the effects which commodity and service characteristics have on the organization structure, methods of financing, and member and patron relationships.

Another question worthy of analysis is, "What influence, if any, have the size, the type of farm and changing character of farms in the area served by the cooperative, on its structure and operations?" Is there any evidence that cooperatives in areas of typically small farms are more effective than those in areas of large farms? Or, is the relationship the reverse of this? Does the extent of tenancy or farm ownership in an area affect the character of its cooperatives?

There is need to appraise the effect of distance from market on the extent and character of cooperative development. Why has cooperative marketing developed more intensively at points distant from market than close in?

What is the effect of competition in an area on the growth, type, and structure of cooperatives? How does the presence of other rival enterprises affect financing, cost of operations, and member and patron relations?

There is further need to study the question, "Why do cooperatives fail or discontinue?" What are the basic difficulties in the way of management and financing? In other words, what are the environmental factors which lead to a breakdown of management, financing, or member interest?

Studies are needed to analyze the influence of religious organizations on the development and structure of cooperatives. Similarly, do certain nationality groups take a keener interest in their cooperatives and what influence have they had on development, structure, and operations? Is educational attainment in the community a significant factor influencing the character of cooperatives?

Research Areas

1. The commodity handled and services performed by an association as factors influencing cooperative structures and operations.
2. The effect of size, type, and changing character of farms as factors influencing cooperative structure and operations.
3. Distance from market as a factor influencing the extent and character of cooperative development.
4. Competition as a factor affecting growth, type, and character of cooperatives.
5. Development of criteria for use in analyzing the economic need for a new cooperative or expanded services.
6. Analysis of the causes of failure and other discontinuances of cooperatives.
7. Specialization of farm production as a factor influencing cooperative development.
8. Extent to which "institutionalization" of local cooperatives, attitudes and vested interests of managers, attitudes of farmers, lack of information, unwillingness or inability of the cooperative to set the competitive pace and related factors constitute obstacles to cooperatives' performing their potential economic roles in relation to their markets.

THE ECONOMIC ROLE OF THE COOPERATIVE WITH RELATION TO THE MARKET

This section is concerned with problems arising from relationships that farmers and their cooperatives have with their markets. It has to do primarily with the economic role of cooperatives in their markets, their peculiar capacity to bring about improvements in the markets and marketing methods and in the contacts that farmers make with their markets, both in the selling of their farm products and the procurement of farm supplies.

This general problem area is of particular importance for several reasons:

1. It deals with considerations that are basic in determining or selecting the economic objectives of cooperatives--what they conceive to be their basic purpose.
2. It is important because as social, economic, and institutional circumstances change, cooperatives need to reappraise their objectives if they are to continue to play a significant economic role. Many cooperatives fail to make their maximum potential contribution because they fail to adjust their objectives to changing circumstances.

3. The benefits which members receive from their cooperatives depend primarily on the extent to which their cooperative efforts are directed to overcoming disadvantages of farmers in their market contacts, and eliminating defects in markets and marketing methods.

4. It is becoming increasingly important that cooperatives justify their existence in the eyes of the general public. They do this to the extent that they succeed in setting the pace in improving competitive processes, reducing costs of distribution and otherwise in contributing to the general welfare.

5. Many cooperatives have reached or are approaching the point where they are significant price-making factors. They therefore are confronted with the necessity of formulating price policies, which raises new legal and economic problems and imposes important new responsibilities upon such cooperatives.

6. The problem of surpluses is a constantly recurring one which necessitates placing emphasis on the need for expanding markets, developing new uses and new products and by-products. Cooperatives in serving the best interests of their members have an important role in dealing with such problems, and are in a unique position to initiate and promote much needed research in this field.

OVERCOMING DISADVANTAGES OF SMALL-SCALE FARMING UNITS

Problems and Needs

A primary objective of a marketing, purchasing, or service cooperative is to do a more efficient job in providing needed services than farmers can obtain through individual action or than can be provided by other agencies. The average farmer with a small-scale farming unit hopes to gain improved economic organization of his farm as a business unit through use of cooperatives. Among cooperatives there is also continually the problem of attempting to adjust to a size which will permit the most effective operation.

Research Areas

1. Analysis of the general proposition that cooperation is a peculiarly effective means by which farmers and other small units may overcome disadvantages of small-scale organizations, and examination of the advantages of cooperation as compared with other alternatives.

2. Extent to which cooperatives have served as a means of "preserving the family farm." (Relation of individual farmer's scale of operations to extent of his participation in cooperatives and results.) Refer to 1, b, page 36.

3. Extent to which cooperatives are so organized, controlled and operated as to attract or repel the participation of given classes of farmers, with special reference to small farmers. (Incentives and obstacles to

their extensive participation.) (Refer to listings in "Internal social organization of agricultural cooperatives," pages 28 to 31.)

4. Extent to which farmers make rational choices of markets for products and sources of supply, and factors influencing their choices, including size of farming unit.

5. Possibilities of cooperatives assuming specialized production and harvesting functions which require large-scale machinery and equipment.

COOPERATIVE ADJUSTMENTS TO IMPERFECTIONS OF THE MARKET

Problems and Needs

(Statements of these problems and needs are to be developed further. They will contain some reference to (1) monopolistic competition related to small numbers of buyers and sellers, differentiation of product and price discrimination, (2) competitive wastes as they are brought about through excess capacity and selling costs, (3) quality-price relationships with respect to quality improvement and maintenance, standardization, quality-price premiums reflected to producer, and market news and information, and (4) other pertinent comments and references.)

Research Areas

1. The potential of cooperatives to correct conditions resulting from buying monopolies in farm product markets. (Comparison of such factors as scale, costs, and prices paid producers by cooperatives vs. single-buyers.)
2. The potential of cooperatives to correct conditions in farm product markets where there are few buyers.
3. The potential of cooperatives to correct conditions in farm supply markets dominated by a single-seller.
4. The potential of cooperatives to correct conditions in farm supply markets controlled by a few sellers.
5. The potential of cooperatives to correct conditions resulting in a market where excess capacity or excess buying or selling costs prevail.
6. Case studies of cooperatives that have successfully entered markets characterized by:
 - a. Single sellers or single buyers.
 - b. A few sellers or a few buyers.
 - c. Differentiation of products.

- d. Price discrimination.
 - e. Excess capacity or excessive selling costs.
7. Factors essential for the success of cooperatives in market situations referred to under the preceding heading 6.
 8. Possibilities for realizing new or additional savings or rendering additional services by cooperatives that have succeeded in correcting certain defects in the market and that now offer no significant advantages over competitors. (Research in this field may relate to each cooperative commodity or service field, to regional areas, or to individual associations.)
 9. Methods through which marketing cooperatives may more accurately reflect to producers quality-price differentials prevailing at consumer levels. (What defects in this respect exist and how effectively are cooperatives dealing with such defects?)
 10. Comparison of prices paid by farmers for livestock feeds procured from cooperative and noncooperative sources based on an analysis of nutritional content in order to determine relative costs per nutritional unit.
 11. Comparison of prices by farmers for fertilizers procured from cooperative and noncooperative sources based on an analysis of plant food content in order to determine relative costs per plant food unit.
 12. Studies similar to those referred to above in 11 relating to other farm supplies may be advisable.
 13. A study of the nature of competition as revealed by a determination of prices paid by a firm operating buying stations in an area for the purpose of evaluating prices paid in relation to quality, quantity, and transportation differentials or competitive situations. (Economic theory of cooperative adjustments to the market under conditions of: (a) competition, (b) monopoly, (c) monoposony, (d) oligopoly, and (e) oligopsony.)

EFFECT OF COOPERATIVES ON THE PRICE-MAKING PROCESS

Problems and Needs

(Statements of problems and needs should be based on much considerations as: effect of cooperatives on prices in competitively imperfect markets, how cooperatives adjust to competitors' prices, their effect on prices where they are a factor in the market, effect of government price and market controls on the role of cooperatives, and policies in dealing with high vs. low cost commodities and services and patrons, as they relate to pricing, cost allocation and pooling margins and refund distribution.)

Research Areas

1. Analysis of the assumption that cooperatives not only contribute less to imperfections in price-making, but exert a positive influence to reduce or eliminate such imperfections.
2. Effect of cooperatives in practice on imperfections in the price-making process in imperfectly competitive markets. (That is, what price policies in a market in actual practice constitute obstacles to cooperatives' setting the competitive pace?)
3. Factors in imperfectly competitive markets contributing to non-uniformity in prices. (Habit, custom, special interest, inertia, lack of information, and lack of knowledge of quality and grades.)
4. Price policies of cooperatives that are factors in their markets, the circumstances involved, possible alternatives, and results of their prevailing pricing policies.
5. Studies of possible alternative pricing policies and the probable effects resulting from their adoption in cooperatives that are significant or dominant factors in the market.
6. The effect of government price and market controls on the role of cooperatives in relation to market prices and services. Examples: commodity loan programs in cotton, wheat, tobacco, and powdered milk; market orders and agreements in milk, fruits and vegetables; and storage programs. See 2 and 3, page 26.
7. The long-run significance for general welfare of emphasis on government participation and controls in farm marketing vs. emphasis on encouraging farmers progressively to rely on themselves more and more through cooperatives. See 1, page 27.
8. Policies and procedures of cooperatives in dealing with the problem of patrons for whom the costs of handling their business is high or low in terms of pricing, costs and refund distributions. (Results of different policies and the attendant circumstances.)
9. Possible alternative methods for dealing with high and low cost patrons in the same cooperative. (Problems of significance involved in the problem.)
10. Problems arising from variations in costs of handling different commodities or rendering different services.

ROLE OF COOPERATIVES IN IMPROVING THE DISTRIBUTION OF PRODUCTS

Problems and Needs

Marked imperfections exist in marketing farm products. Some farmers are handicapped by small-scale production units, limited financial resources,

and an inadequate system of market news communication. As a result, they often are unable to sell their products at the most advantageous time, in the best place, and in the form desired by the ultimate consumer. Moreover, such marketing services as storage, transportation, warehousing, financing, and processing are costly and frequently are not performed with farmers' interests in mind. Cooperatives are making notable contributions to attaining a better market structure. They seek: (a) economical transportation costs, (b) changes that are a better indication as to adequacy of warehousing and storage operations, and (c) processing expenditures that primarily explain variations in price because products are converted into different forms.

Studies are needed to reveal how effectively cooperatives distribute products in terms of place, time, and form. Special studies are needed for both commodities marketed and production supplies distributed. Such studies should include analyses of such factors as price structure, transportation costs, market channels, facilities, risk and uncertainties, standardization and grades.

Cooperatives are important potential factors in the international trade of United States agricultural products.

With the exception of cooperatives in countries of similar nationality and customs, international cooperatives have not been successful. With increased acquaintance and improved contracts, preferred customer relationships are making progress among cooperatives internationally.

A number of United States cooperatives have had experience in international trading. These are chiefly organizations that handle cotton, fruit, petroleum and rice. With the shifting importance among United States agricultural products entering international trade, there should be an opportunity for additional cooperatives to enter the international market. This applies both to exports and imports.

Research Areas

1. Potential of cooperatives in improving the distribution of products as to place utility.
2. Potential of cooperatives in improving the distribution of products as to time utility.
3. Potential of cooperatives in improving distribution as to form utility.
4. Effect upon the potential of cooperatives as stated in 1, 2, and 3, brought about by risks and uncertainties, decision-making capacity of directors and managers, and ability of members to provide capital.
5. Cooperatives and international trade. (Some cooperatives are developing international trade. This development may have much

significance for the future as many problems are involved. Possible contributions of cooperatives to this development, particularly if understood and available in its incipient stages.) See listings on bottom of page 27.

6. Many studies are needed of technological changes and the resulting adjustments constantly being made in processing, preserving and preparing products for market. (For example, continuous process in manufacturing butter, paper containers for milk, frozen fruit juices, by-products, pelleting of feeds, and granulation of fertilizer. Technological changes usually make possible and require adjustments in marketing methods, marketing outlets, demand, costs, scale of operations, organizational structure, capital requirements, risk or uncertainties and many other adjustments of economic significance. Are cooperatives setting the pace in technological developments and in making adjustments to them, or are they impeding necessary changes? Is their managerial capacity keeping pace with the responsibilities and risks involved?)

7. Market channels are also changing, frequently resulting in shortening the channel, reducing costs, better coordination of marketing functions, and concentrations of bargaining power. Frequently further vertical integration is involved. Studies are needed to indicate what alternative channels are available, their relative advantages, the extent to which they may be shortened or changed, and the extent to which cooperatives are performing their role in setting the pace in these respects.

8. Research is needed to reveal the economic implications of the trend toward decentralization of storage in some commodity fields, particularly grain as it is related to market channels, price structure, costs of storage risks, and merchandising methods. (From the point of view of cooperatives setting the pace in this respect, many new problems arise, such as organization and capital structures, risks and hedging, management, and physical facilities.)

9. The extent to which cooperatives abroad are potential two-way customers for agricultural products of the United States.

10. Possibilities of an international cooperative to further trading between agricultural or consumer cooperatives or both.

11. Possibilities of furthering trading between agricultural and consumer cooperatives or both through collecting and disseminating information to and between them.

THE ROLE OF COOPERATIVES IN IMPROVING THE PROCUREMENT OF FARM PRODUCTION SUPPLIES

Problems and Needs

With the commercialization of agriculture, marked increases have taken place in the amount of farm production supplies used. In 1950, farmers

on the average spent \$2,500 yearly for farm supplies. This was 47 cents out of every dollar of their cash farm income. In contrast, farm supply expenditures accounted for only 30 cents out of every dollar of cash farm income as recently as 25 years ago. At the midpoint of this century, 3,000 local purchasing cooperatives, together with another 3,000 marketing associations, handling farm supplies as a sideline, distributed approximately \$2 1/2 billion of production supplies to about two million farmers. In addition, about 100 regional associations and federations of these regionals served as procurement agencies for local associations. These large-scale cooperatives engage in a wide variety of activities, including feed manufacturing, fertilizer acidulation and mixing, petroleum refining, and farm machinery manufacturing.

Studies are needed to reveal how effective and efficient both local and regional purchasing cooperatives are in distributing farm supplies. Special studies also should be made analyzing price structure, transportation costs, marketing channels, facilities, and risk and uncertainties. In short, studies are needed that will explore special features of purchasing cooperatives as they relate to the ability of these associations to procure production supplies at lower net prices under conditions which will result in improved services and in better quality of supplies for farmers.

Research Areas

1. Ways in which purchasing cooperatives may improve the procurement of farm production supplies from the standpoint of place, time, and form utilities.
2. Analyses of organizational structures giving particular attention to an appraisal of advantages and disadvantages of federated and centralized types of operation under varying economic conditions. See 4, page 3.
3. Special features of cooperative management and factors influencing the performance of local purchasing associations.
4. The influence of technological changes in agriculture on supply procurement practices and on manufacturing and processing methods, distribution channels, organizational structure, capital needs, and operating practices of purchasing cooperatives.
5. The research function in purchasing cooperatives with special emphasis on the extent to which these associations should conduct their own research, utilize private research agencies, and avail themselves of the services of State and Federal research agencies.
6. Cooperative relationships, giving special emphasis to competition and conflicts among purchasing cooperatives; coordination of regional associations in further integration of manufacturing and processing; and integration of marketing services. See listings on pages 21, 22 and 23.

ROLE OF COOPERATIVES IN MARKET EXPANSION

Problems and Needs

Cooperatives have many opportunities for expanding marketing outlets for farm products. In some cases, the demand for one product may be expanded at the expense of another. In other cases, the overall consumption may be increased either through the expansion of existing uses or through the development, sale, and use of new products. Related problems may find solutions through studies of present demand, demand created through advertising or other means, new uses for products, processing of products into new forms, and of operations of sales groups.

Research Areas

1. Research should be conducted to develop new products and byproducts, and new uses and new markets for existing products. (Because of the producer's direct interest in maximizing the returns for his products his cooperatives, in best serving his interests, should take the initiative in developing and promoting research in this direction. In the dairy field, new uses for byproducts, and in fruits and vegetables, processing of products not sold fresh, offer possibilities which should be explored by research agencies, both technical and economic.)
2. Research is needed to reveal further opportunities and possibilities in expanding markets for products handled by cooperatives.
3. In view of the relative inelasticity of demand for many farm products, research should be conducted to reveal where it may not be economically feasible to attempt to expand markets beyond given limits. The question of the effect on other products of promotional efforts in the case of a given product is also involved.
4. Use and effectiveness of advertising as a sales promotion method by cooperatives.
5. The economics of cooperative marketing, distributing and selling of products from areas nearby to large consuming centers.

ROLE OF COOPERATIVES IN RELATION TO RISKS AND UNCERTAINTIES

Problems and Needs

(This statement is to be developed later. It will deal with such topics as spreading risk by pooling and hedging; minimizing risk through insurance, education, and better coordination; capacity of cooperative members and management to deal with risks and uncertainties involved in current cooperative operations; and whether defects in the market of particular concern to cooperatives are more pronounced during shifts in the business cycle.)

Research Areas

1. Different types of risks and uncertainties, and their relation to the capacity of farmers and their cooperative officials to make decisions and to bear the costs of risk involved.
2. Potential role of cooperatives in relation to risks and uncertainties. (Can farmers through cooperatives reduce the social cost of market risks and uncertainties and spread them more "equitably" by assuming them through cooperatives?)
3. Effect of the presence of risk and uncertainty on the expansion of cooperatives. (Among other subjects this involves study of the possible extent to which farmers may have been restrained from undertaking cooperative activities which might have proved advantageous because of fear of risks and inability or unwillingness to assume them.)
4. Magnitude and character of risks and uncertainties as influenced by types of commodities, the degree of integration, character of competition, fluctuations in supply, demand and price, and the swings in the business cycle.
5. Extent to which it may be possible to reduce risks and uncertainties and spread their cost more equitably by handling various combinations of products or services.
6. Relation of risks and uncertainties and profit as the economic reward for assuming them, to cooperatives as nonprofit organizations. (It is assumed that if in the long run patrons are not paid for assuming risks and uncertainties, they will not continue to assume them. Refer to listings on page 9.)
7. Studies of the nature and magnitude of the risks and uncertainties assumed by cooperatives in practice, the provisions made or devices adopted for assuming and spreading them, success achieved, and problems encountered. Refer to listings, nos. 1-14, pages 5 and 6.
8. Different devices by which patrons may share risks and uncertainties "equitably," such as deferred payments for products, reserves, and deferred patronage refunds. Refer to listings on page 9.
9. Relationship between risks and uncertainties and the capital structure of cooperatives with particular reference to the nature and sources of their capital, or the nature of different kinds of capital. (Should risks be shared by patrons on the basis of capital or on the basis of patronage? Refer to listings on page 9.)

EXTENT TO WHICH VERTICAL INTEGRATION SHOULD BE CARRIED BY COOPERATIVES

Problems and Needs

As cooperatives have become large-scale business establishments, increased emphasis has been given to an "across the board" method of

operation that has included a combination of various productive processes. Among some marketing cooperatives, this has meant handling products near the point of production and continuing some or all processes through to the point of consumption. With some major regional purchasing cooperatives this form of integration has resulted in establishing feed and fertilizer mills, machinery plants, and petroleum refineries. This process has gone even further with the ownership by farmer groups of rock phosphate deposits and in leasing land and erecting oil wells for the production of crude petroleum.

Research is needed to determine more definitely how far cooperatives should carry vertical integration as a means of extending the influence and control of these organizations and as a means of augmenting the net returns of farmers.

One group of problems in this area which deserve further study is the extent to which associations should perform additional marketing functions. For instance, how far forward should vertical integration be extended when it is initiated at or near the raw material stage of production? How far toward the raw material level should vertical integration be extended when it is initiated at or near the consumer level? How far should purchasing associations go in extending services from the farm to the fertilizer factory, to the refinery, to the oil well, and to other sources of raw materials?

Another question worthy of further analysis is, "How can farmers vertically integrate their business as a means of deriving maximum returns from their associations?" To what extent can some of the duplications and competitive wastes of marketing be avoided by streamlining the marketing system? To what extent has vertical integration enabled cooperatives to overcome some of the disadvantages of an individual, atomistically competitive business in markets characterized by monopoly controls, imperfect competition, large-scale firms, and unfair trade practices?

There is little agreement, however, as to the extent to which cooperatives can coordinate operations and integrate vertically. There is need for careful investigation of this question in order to determine how far these associations should go in devoting the capital of members to such undertakings. There also is need for determining how far cooperatives should go in the direction of vertical integration at different stages of their development and in the different phases of a business cycle.

Research Areas

1. Extent to which it may be economically feasible to carry vertical integration. (Studies are needed in different commodity fields. Theoretical as well as practical aspects of the problem need to be considered.)
2. A specific aspect of the problem is the extent to which integration in agriculture through cooperatives may be necessitated by the existence

of large-scale and powerfully integrated noncooperative systems developed and operated for the purpose of preventing unintegrated cooperatives from being placed at a disadvantage in their markets.

3. Another aspect of the problem involves the consequences resulting from a cooperative's coming into competition with its own wholesale outlets when it undertakes both wholesale and retail functions.

4. Problems involved or encountered when cooperatives seek to extend their operations farther into market channels through vertical integration. (Examples include problems of organization, finance, operation, capacity of management, volume of business, risks and uncertainties, maintaining cooperative character, democratic control, competition, and price policies.)

5. The effect which vertical integration has on cost, supply, and demand functions relating to a particular commodity.

6. An analysis of the effect of vertical integration upon an association's ability to utilize the required productive factors and to reduce costs.

7. Development of statistical material and precise measurement of the extent of vertical integration by cooperatives.

8. Should cooperatives go farther in horizontal integration in order to obtain the necessary volume of business before extending their activities to additional levels of vertical integration?

EXTENT TO WHICH HORIZONTAL INTEGRATION SHOULD BE CARRIED BY COOPERATIVES

Problems and Needs

Within the past 25 years perhaps 90 percent of all local cooperatives in the United States have become affiliated with one or more large-scale State or regional cooperatives. As a general rule, such integration has been achieved through federation of local associations. In the case of centralized cooperatives, it has come about through the establishment of a large number of local units. Many questions, however, remain unanswered with respect to the impact of horizontal integration on cooperatives. For instance, little is known as to its influence on: (a) economics of scale, (b) the nature of various costs, and (c) implications as to management responsibilities and membership and public relations.

Research Areas

1. Extent to which horizontal integration has been encouraged by general farm supply organizations and the degree such encouragement has been compatible with farmer interests and general public policy.

2. Extent to which inherent differences in cooperatives and in non-cooperative business establishments influence the degree to which each

of these types of business organizations may effectively integrate on a horizontal basis.

3. It is generally recognized that the disadvantages attributed to horizontal integration may include: (a) overcapitalization, (b) excessive investment in facilities, (c) high promotion expenses, (d) requirement of abilities beyond the existing capacity of management, and (e) concentration of business in large financial centers. It has not been ascertained whether these disadvantages apply with the same, less, or greater force to cooperatives than to noncooperatives.

4. Ways by which cooperatives may most effectively adjust their membership and public relations program to meet the impacts of horizontal integration. See listings on page 42.

5. The extent to which cooperatives avail themselves of possible opportunities for economies through horizontal integration in procurement (buying), distribution (selling), and transportation.

CONFLICT OF INTEREST AMONG COOPERATIVES

Problems and Needs - (To be developed)

Research Areas

1. Determining and studying the bases for conflicts of interest between producer and consumer or urban cooperatives. (To what extent do conflicts arise because of "vested interests" of cooperative leaders or managers? Is there basis for a rational division of functions as between producer and consumer cooperatives?)

2. Means by which cooperatives have resolved the problem of conflicting interests between producer and consumer or urban cooperatives in specific situations in this country and in other countries where the problem has come to a sharper focus, such as in Sweden, Denmark, and England.

3. Conflicts of interest between farm cooperatives. See 6, page 18.

ROLE OF COOPERATIVES IN INTERNATIONAL MARKETS

Problems and Needs - (To be developed)

Research Areas

1. Implications involved in the development by cooperatives of international trade from the points of view of international trade relations, tariffs, cooperative organization structures, risks and uncertainty, management, and finance.

2. Experience of cooperatives in international trade based on practical problems.

3. Operations and services of international cooperatives.

HISTORICAL CHANGE IN THE ECONOMIC ROLE OF COOPERATIVES

Problems and Needs - (To be developed)

Research Areas

1. Changes in the economic role of cooperatives and responsible factors. (Consider effects of increased capital accumulation in agriculture; institutional, social and economic changes; technological progress; legislation; and increased capacity of farmers and their leaders to assume responsibility, contribute leadership, and provide capable management.)

THE RELATION OF AGRICULTURAL COOPERATIVES TO THE STATE AND TO SOCIETY

It is the declared intention of the Congress of the United States to encourage the growth of agricultural cooperatives in order that producers of agricultural products through their economic organizations may compete more effectively with other types of business in marketing farm products, purchasing farm supplies, and obtaining other needed services.

Questions arise concerning the unique relationship which exists between farmer cooperatives and the Federal government, and whether this declared policy continues to be carried out in the interest of farmer-members and of the public in general.

The relationship between cooperatives and the State has become increasingly close. The changing role of government in our economy has resulted in changes in the character and operation of agricultural cooperatives. It is important that research agencies examine and evaluate this trend and its probable consequence. There is need for factual information to determine the effect of government programs, such as price supports, with the government taking title to a large share of any farm commodity; the use of Federal market orders; and the use of prorated programs, upon normal marketing processes, and upon the operation of cooperatives. (This incomplete general statement is to be developed further with respect to such points as (a) the extent to which cooperatives are carrying out State-delegated functions, (b) the extent to which present government action programs constitute an expression of the wishes of cooperative leadership, (c) whether the trends discernible in (a) and (b) are desirable from the standpoint of the cooperative itself, producers of agricultural products and the public welfare, and (d) the relation of agricultural cooperatives to society.

STUDIES OF THE RELATIONSHIP EXISTING BETWEEN GOVERNMENT AND COOPERATIVES IN CERTAIN FOREIGN COUNTRIES

Problems and Needs

Much can be gained from knowledge of experiences in other countries in solving cooperative problems. These cooperative developments may have been much greater, problems may have been different, and the solutions

of other kinds than found here. This area is concerned with description and analyses of relationships between cooperatives and government in other parts of the world, with reference to permissive and regulatory legislation, financial or credit aids, or research and educational assistance.

Research Areas

1. An appraisal of government actions resulting in the development of the following:
 - a. Wheat pools in Canada.
 - b. Cooperative marketing of bacon from Denmark.
 - c. Cooperative participation or non-participation in commodity marketing schemes in England.
 - d. Cooperatives and the marketing of milk, livestock, meats, and dairy products in Sweden and Norway.
 - e. The operation of so-called "cooperatives" in totalitarian states.
 - f. Taxation of cooperatives and other nonprofit business associations in countries outside the United States.
 - g. Promotion of cooperatives by governments, as in some Latin American countries.
 - h. Educational services of governments to cooperatives.

STUDIES OF THE RELATIONSHIP EXISTING BETWEEN GOVERNMENT AND COOPERATIVES IN THE UNITED STATES

Problems and Needs

Within the past quarter of a century relationships between government and economic activity have become closer than before. Not only is it desirable to know what these relationships are but also the impacts of them on both cooperatives and government, and the effectiveness with which the intended jobs can be accomplished.

Research Areas

1. An appraisal of government action resulting in the formation of certain government-sponsored corporations utilizing the cooperative pattern such as:
 - a. Production credit associations.
 - b. National farm loan associations.

- c. Stabilization corporations.
- d. Farm security cooperatives.
- e. Rural electrification cooperatives.
- f. Telephone cooperatives.

How do these associations differ in organization structure and operation? Do they adhere to cooperative principles? Have unsound cooperatives been encouraged? Will any failures hurt all sound cooperatives? Has credit been extended so as to be harmful in the long run?

2. Effect upon cooperatives of programs jointly sponsored by government and producers and/or handlers. See 6, page 15. (Do Federal orders and agreements, such as those relating to milk, fruits and vegetables, and tobacco, strengthen or weaken cooperatives?)

3. Effect of government price support programs upon the operations of marketing cooperatives. See 6, page 15. (To what extent have the functions of certain marketing and purchasing cooperatives been affected by government price support programs in tobacco, in peanuts, in wool, and other commodities? What government programs came about by request of the leadership of farmer cooperatives and how nearly do these programs carry out their wishes today?)

4. The extent to which government grades are used and recommended by cooperatives.

5. Studies of programs of research, education, and service assistance to cooperatives available through governmental agencies.

TO WHAT EXTENT HAVE AGRICULTURAL COOPERATIVES CONTRIBUTED TO IMPROVEMENT OF THE NATIONAL WELFARE?

Problems and Needs

There is a definite need for objective studies dealing with the specific contributions of cooperatives to improvement of the national welfare. Work is needed in the field of determining and evaluating efforts directed toward increasing the efficiency of producing and marketing farm products, encouraging self-help activities, developing leadership in solving farmers' problems, and in raising the standard of living of farm people.

Significant studies can be made of cooperatives in the United States but attention should also be given to studying contributions to national welfare of cooperatives in Norway, Sweden, Netherlands, Finland, England, and possibly other countries.

Explorations might well be made of the effects of cooperative activities on (a) productivity and economic growth, (b) economic stability,

(c) economic freedom and democracy, and (d) educational and cultural results.

Research Areas

1. Studies of the contributions made by cooperatives which have been so well accepted and integrated into the economy that their sources are no longer apparent. See 7, page 15.

(To be developed further)

TO WHAT EXTENT DO THE ACTIVITIES OF FARMER COOPERATIVES AFFECT OUR CAPITALISTIC ECONOMY?

Problems and Needs - (To be developed.)

Research Areas

1. Effect of cooperatives upon the ownership of property.
2. Effects of cooperatives on individual and group competition or both.
3. Modification brought about by cooperatives on the institutions of competitive and of regulated capitalism.
4. Ethical aspects of the operation and philosophies of profit enterprises and of operation-at-cost businesses.

TO WHAT EXTENT DO THE ACTIVITIES OF FARMER COOPERATIVES CONTRIBUTE TO A BETTER UNDERSTANDING AMONG THE PEOPLES OF THE WORLD?

Problems and Needs

The topic of this section is directly related to changes in attitudes as well as understandings. It deals with how cooperatives help people in the way of developing better understanding.

Research Areas

1. Analysis of the international views of the cooperative press.
2. Attitudes of cooperative leaders on such subjects as democracy, cooperative principles, tariffs, and export and import controls. See 10, page 17.
3. Diffusion of cooperative ideas.
4. Types of international contacts--literature, personal visits, conferences, other communication, and products.

EFFECTS OF FARMER COOPERATIVE ACTIVITY UPON THE STRUCTURE OF AGRICULTURE

Problems and Needs

Cooperative activities affect not only members but also the structure of agriculture as a whole. These influences may be upon people and conditions in the small locality, State, region, nation, or larger areas. The effects may be measured in terms of prices, margins, costs, product quantities and qualities, trading methods, degree of competition, leadership, levels of living, and other characteristics.

Research Areas

1. Appraisals of the extent to which cooperative activities affect the best use of our resources through:
 - a. Elimination of waste.
 - b. Reducing margins.
 - c. Providing new services.
 - d. Improving quality.
 - e. Maintaining a market.
 - f. International trade.
 - g. Perpetuating inefficient units and practices.
 - h. Competition among cooperatives.
2. Extent to which prices received by farmers for products sold through cooperatives or prices paid by them for goods and services obtained cooperatively influence prices received or paid through other business enterprises.
3. Extent to which operating margins and costs in cooperatives affect margins and costs in competing noncooperative enterprises.

INTERNAL SOCIAL ORGANIZATION OF AGRICULTURAL COOPERATIVES

A cooperative organization can be regarded as a social system in which activities of the occupants in various positions are inextricably interrelated when the organization is in operation. Hence, the cooperative is a type of organization in which the owner-members and hired employees interact to achieve the goals of the organization.

One of the principles of cooperatives is democratic participation by member-owners. Many cooperative advocates state that cooperatives develop leadership and civic responsibility among the members. An emerging problem is how the cooperative as a large organization with

many offices having inherent rights and responsibilities can function efficiently and still preserve democratic participation by the member-owners.

A selective process operates to attract new members as well as releasing others. In addition, membership is sustained by meeting certain needs of the members. Research is needed to identify by experiment the forces which attract, sustain, or repel cooperative members.

As with any business organization, the cooperative can function more effectively by promoting member-owner and employee identification and morale so as to have a highly integrated unit.

Hence, this section focuses on needed research in the social organization of the cooperative organization. The patterns of association, both formal and informal, and the social psychological factors influencing as well as emerging from these patterns are of specific emphasis.

MOTIVES AND MEMBERSHIP INTEGRATION

Problems and Needs

Past research has indicated that there is a relationship between what members expect from a cooperative and their evaluation of it. Little is known as to the relationship of the motives for joining and the degree to which a member becomes an integral part of the organization or how membership experience is related to motives for continuing support. For example, studies have shown that the belief in material aid has been a motive for joining a cooperative but no research has considered the effect participation in such an organization has had on the strengthening of the member's belief in mutual aid as a general social value.

Research Areas

1. Extent to which the motives for forming a cooperative are (a) economic, (b) belief in cooperation as a technique for solving problems, (c) occupational identification, (d) to conform to expected norms of behavior, (e) for social status, (f) for opportunity for social participation.
2. Will those who join only for economic reasons decline more in participation after the economic need has been satisfactorily met than those who join with supplementary reasons, unless some new-felt need is met?
3. Are those who join because they "believe in cooperation" relatively high in sustained membership and participation?
4. Are those who join with the "opportunity to participate" as a supplementary motive to economic interest, relatively high in sustained participation, providing the opportunity to participate is present?
5. Does the feeling of occupational identification, emphasizing a community of interest among farmers as a social cause, sustain continuing participation?

6. Will those who join for social status as a supplementary reason reduce their participation when opportunities to assume status-giving roles are not available?
7. Will people in the early years of membership decline in participation unless the motives for joining are satisfied according to their own evaluation?
8. Do members after a time forget why they joined but continue participating as a result of habit, or through formulating a generalized attitude that no longer is questioned, or because of satisfaction gained through the meeting of unconscious needs?
9. After a cooperative has operated successfully in the thinking of the members for a few years, does a generalized attitude develop that produces a "taking for granted" point of view that reduces participation?
10. In addition to belief in mutual aid as a motive for joining a cooperative, does participation strengthen one's belief in this motive as a social value?

RELATION OF ORGANIZATIONAL PROCEDURES TO MEMBER KNOWLEDGE, ATTITUDES AND PARTICIPATION

Securing and Retaining Membership

Problems and Needs

This area is concerned with means and devices by which members may be obtained or selected, and with relationships between the members and the cooperative.

Research Areas

1. Membership contacts and their effect on membership support.
2. Automatic membership vs. selective membership.
3. Can membership be made attractive when nonmembers receive equal treatment?
4. By what criteria should we measure whether or not a farmer has good membership possibilities?
5. Effect of size and type of organization upon the techniques of membership relations.

The Significance of the Sense of Ownership on Members

Problems and Needs

Members of cooperatives are joint owners of the cooperative business. Thus, each member has the same basic cause for interest in the cooperative

that he has in his own farm. If he actually has this same interest, he would be expected to react the same toward both. Yet, the owners of many well-kept farms are unconcerned over a "down at the heel" cooperative of which they are members and are indifferent in their patronage of it. If the variations in the extent to which they realize ownership in the two are the reasons for this difference in attitude, this problem is very significant. More information is needed in this field.

Research Areas

1. The extent to which farmers feel a sense of ownership or belonging in the various types of local, federated, and centralized cooperatives.
2. The extent to which membership contracts affect the feeling of ownership or identification.
3. The extent to which automatic vs. positive membership affects the feeling of ownership.
4. The extent to which nonmember business affects the feeling of ownership and control.
5. The effect of the location of decision-making authority on the sense of ownership.
6. The relation between the sense of ownership or identification on the part of members and their patronage or support.

Analysis of Factors Influencing Member Morale Toward Cooperatives

Problems and Needs

Attitudes are complex in nature. The job of analyzing them is even more so. It may be attacked (a) by questioning members on their attitudes toward specific methods used and on "qualities" which they believe the cooperatives to have, (b) by observing membership performance under different conditions, and (c) by studying detailed operations of the different means of membership contact.

Research Areas

1. Member participation in the affairs of the cooperatives and their attitude toward its services. Refer to listings on pages 29 and 30.
2. Use of committees to increase membership participation and develop leadership.
3. Influence of age of directors and tenure of boards of directors on the member sense of ownership and control.

4. Methods of nominating and electing directors.
5. Qualifications and actions of personnel and their effects on membership.
6. Dealer agency influence on membership information and control.
7. Effectiveness with which directors carry out their responsibilities.

RELATION OF TYPES OF ORGANIZATION TO MEMBER KNOWLEDGE, ATTITUDES AND PARTICIPATION

Methods, Techniques of Presentation, and Types of Membership and Management Information

Problems and Needs

As economic democracies, cooperatives are confronted with the problems of business as well as those of democratic government. The necessity for business efficiency is as great for cooperatives as for noncooperatives. Also cooperatives have the same problems of mutual responsibility and maintaining interest and participation that confront other democracies--educational, religious, and political. As in all democracies, there is responsibility for a balanced two-way flow between members and management. While the responsibility remains the same, the effective techniques for maintaining and expressing them varies as organizations become more complex and distances become greater.

Research to date in this field has been limited and heavily weighted with techniques for the "conveyor" from management and additional research is needed in this field. However, more is needed on techniques for the "conveyor" from the members to directors and employees.

Research Areas

1. Methods, techniques of presentation and types of information that are most effective in increasing and maintaining the participation of members in their cooperatives, including readable information material.
2. Variation in techniques for local, regional, and national associations, and for marketing, purchasing, and service associations.
3. Measurement of the effectiveness of house organs, membership meetings, discussion groups, field service, audio and visual aids, pamphlets, and tours as methods of maintaining the two-way flow of information.
4. The role of colleges, extension services, high schools and churches in increasing the effectiveness of membership programs.
5. Methods of developing and techniques for maintaining women's programs in cooperatives.

6. Methods of developing and techniques for maintaining family participation in cooperatives.

7. Methods of developing and techniques for maintaining youth programs in cooperatives.

8. Methods of stimulating attendance and participation in local meetings.

9. Types and forms of program techniques:

Speeches

Panel discussions

Debates

Open discussion

Other techniques

10. Sources of assistance used in preparing and conducting programs, kinds and contents of such assistance, with special attention to those furnished by higher levels of the cooperative structure.

11. To what extent and by what means do policy decisions made at delegate body meetings become program topics in subsequent local meetings?

Is a record of the deliberation by which they were adopted sent to local units?

Is discussion of them invited?

If not, then by what methods, such as house organs and newsletters, are locals apprised of the actions taken and the reasons for taking them?

The Relations of Primary Groups to the Promotion and Support of Cooperatives

Problems and Needs

Two commonly accepted beliefs concerning the relation of primary group types of behavior to or in cooperatives suggest the need for research in this field. One belief is that group practices and attitudes developed in primary group experiences reflect themselves in the behavior and attitude of primary group members in their participation in other groups. The second is that cooperatives themselves have primary group characteristics.

It is known that the relative dominance of primary groups among all other types of social groups has declined, but that they still exist in varying degrees of integrity or completeness in rural areas. The influence of experience in them or their members' behavior in other groups is not, however, accurately or precisely known.

The basic characteristics of primary groups are (a) they are abiding face-to-face groups in which the same persons, and seldom any others, do

many things together; (b) the basic techniques of primary groups are free, unrestricted and tolerant discussion, nonspecialized agenda, no specifically assigned roles of members, and decisions determined by consensus rather than by formal voting; and (c) in their many interpersonal interactions, members develop tolerance, loyalty, group responsibility, and both techniques and attitudes about mutual aid and cooperation.

If these beliefs or theories about the influence of primary group experience on participation in other groups are validated by research findings, such findings would provide some guidance to cooperatives in their use of primary group techniques and even their use of existent primary groups themselves.

Research Areas

1. Do members of actively functioning primary groups in rural areas participate more frequently and more consistently in other groups, including cooperatives, than do persons who are either not members of primary groups or are members of weak primary groups?
2. Do members of primary groups, who are also members of cooperatives, practice primary group techniques and exhibit primary group attitudes to a greater extent than other members of the same cooperatives?
3. Do cooperatives use primary group techniques in conducting their meetings and business operations? If they do, or to the extent that they do, what evidence is there that such practices tend to develop primary group attitudes?

Classifications of Cooperatives as Social Groups

Problems and Needs

Most classifications of cooperatives in the past have used such frameworks as (a) commodities, (b) function, in terms of marketing or purchasing, or other services, (c) groups serviced, in terms of producers and consumers, and (d) patterns of organization, in terms of local and federated.

These classifications are probably valid for the purposes for which they were set up. However, none of these classifications is adequate for describing and defining cooperatives as social groups. A marketing cooperative may be five neighbors who agree to sell their milk together cooperatively or it may be thousands of members who cooperatively market their grain together. These two marketing cooperatives would probably be very different in terms of intra- and inter-group relationships, organizational structure, individual motives, and the decision-making process. The present classifications of cooperatives allow for prediction of social behavior only in very crude terms. If cooperatives are classified in the social group framework and sub-classes delineated, then the available body of knowledge about various classes of social

groups can be brought to bear upon cooperative problems of a social nature. In addition, such classifications should aid and encourage more specific and penetrating research.

The ultimate and practical test of these classifications would be in terms of prediction of intra- and inter-group behavior and aid in choosing proper group techniques to bring about desired ends.

Research Areas

1. How meaningful would a classification of cooperatives on the basis of structural types be in predicting economic and social success of cooperatives? (Such structural types as the following might be used: local, federated, centralized; affiliated compared with non-affiliated; basis of control in terms of one-man, one-vote and patronage and capital.)
2. Can cooperatives be meaningfully classified on the basis of a social group continuum?
3. Type of communication among members (from direct personal, face-to-face to indirect, impersonal and secondary.)
4. Responsibility of members including responsibility shared by all members to limited responsibility of any member.
5. Authority (from widely diffused among all members to highly centralized).
6. Norms from values and principles well defined, understood and accepted to norms that are vague and undefined.
7. Roles or parts played by members (from specific well defined to undefined).
8. Identification (from loyalty to primary group members to loyalty to symbols and issues).
9. Territoriality (from local primary to United States or world-wide)

INDIVIDUAL AND GROUP CHARACTERISTICS WHICH ARE ASSOCIATED WITH PARTICIPATION IN COOPERATIVES

Problems and Needs

Cooperatives are concerned with the problem of recruiting new members and in developing and maintaining active participation in the affairs of the organization. It is a matter of common observation that individuals and groups of people differ in their tendency to respond to various organizations of the community, whether they be religious, educational, governmental, economic, or other. This is equally true in regard to agricultural cooperatives. The bases of these variations in

behavior need to be discovered and more fully understood. Such knowledge would form the bases for planning programs of the cooperatives which would appeal to those not now receiving the services which the organization is prepared to give.

It is also known that some groups of people--ethnic, religious, racial--are predisposed to participate in cooperatives more than are others. Some groups have positive attitudes against participation. An understanding of the bases for participation or nonparticipation on the part of members and officers of cooperatives is a necessary step for program-making.

Research Areas

The research areas suggested below are limited to the consideration of factors which are susceptible to quantitative measurement. It is not assumed that the quantity of participation is necessarily a measure of quality of participation.

1. Individual characteristics and participation in cooperatives.
 - a. Relation between (1) participation, as measured by an appropriate index, and (2) age, amount of formal schooling and position on the "agricultural ladder."
 - b. Relation between the individual's index of participation and his socio-economic status score. See appendix sample project F.
 - c. Personality differences as related to participation. (Personality-rating devices may be considered for use in this connection.)
2. Differences in participation in cooperatives as related to differences in ethnic (nationality) origin.
3. The relation between groups of differing religious affiliations and participation in cooperatives.
4. Does participation in cooperatives of groups of the same ethnic origin differ as between those located in areas of high productivity and those in areas of low productivity? Similar studies could be made of two or more racial, religious, or other cultural groups in areas of high and low land productivity.
5. Extent to which legal considerations, public opinion and attitudes, custom, habit, fear of bigness of business, prejudices, inertia and other social and institutional factors constitute obstacles to agricultural cooperatives more adequately performing their potential economic roles in relation to farm markets.
6. Effect of homogeneity, or lack of it, regarding economic status, race, religion, and other factors in relation to cooperatives' performing their potential economic roles in their markets.

7. The significance of outstanding leadership as a factor in cooperative development.

(It is probably best to develop this as a sociopsychological study.)

PERSONNEL RELATIONSHIP AND STAFF ORGANIZATION MORALE

Problems and Needs

A cooperative business organization necessarily employs individuals to operate the business for the members. The selection of management personnel is generally a function of the board of directors. Management then hires the required personnel to carry out other functions. Most cooperative leaders would hypothesize that hired employees should be imbued with the ideals of cooperative principles. Purposive programs are instigated in order to foster greater loyalty and identification with cooperative philosophy. This symbol is expected to serve as motivation in job-performance. However, little evidence is available on the relationship between the organizational structure and the personality of hired personnel. Research is also needed on the manner in which personnel are recruited, trained, and promoted.

Since the objectives of the cooperative organization include efficiency of operation as well as a professed adherence to cooperative ideals, realistic criteria are needed to evaluate the performance roles played by directors as well as hired employees.

Research Areas

1. Personnel problems peculiar to cooperatives.
 - a. Qualities and characteristics desirable in cooperative management.
 - b. Cooperatives and their special problems of personnel selection and training.
 - c. Incentive and personal motivations.
2. Criteria for evaluation of the performance of management.

(How can members of an association know whether their directors are reasonably capable? How can directors measure the capabilities of managerial employees? How can general managers evaluate the performance of department heads? How can variable factors, such as those causing changes in the effective demand for an association's product be eliminated in evaluating processes, if due to factors beyond the control of management? How do training, education, and experience of a manager influence his ability as a cooperative manager?)

DECISION MAKING IN COOPERATIVE ORGANIZATIONS

Problems and Needs

Cooperatives, in contrast to many other businesses, are membership rather than investment organizations. Basic to the organization and operation of cooperatives is the belief that all members should participate democratically in determining the policies of individual organizations.

In the development of cooperatives, various ways have been used to distribute authority for decision making and control. Studies are needed to determine the most appropriate division of authority among members, directors, and managers. The growth of cooperatives and the resulting complexity of organizational structure have accentuated this problem.

One aspect concerns ways of developing and maintaining an articulate membership, with the initiative to exercise its authority in making decisions. Another aspect of the problem is determining the most appropriate roles of managers and directors in policy-making.

Studies of these problems should include cooperatives of various sizes and types of organization and operation.

Research Areas

1. Kinds of policy decisions made:
 - a. At the member level.
 - b. At the board of directors level.
 - c. By executive personnel.
 - d. By the group as a whole.
2. Methods of effectively maintaining member control in small associations.
3. Methods by which and extent to which policies to be determined by a delegate body at higher unit meetings are program items in local meetings.
 - a. Are locals apprised of such policy issues?
 - b. If so, how are such issues considered in local meetings? By debate and discussion, to determine how delegates should be instructed, by simple referendum vote, pro or con, on issues, or by other procedures.
4. Delegate representation to higher units in the cooperative structure.
 - a. How chosen?
 - b. Delegate responsibility to local units.

- c. Delegate rights and responsibilities in delegate body of higher units.
 - d. Extent to which and methods by which delegates are instructed by local.
5. Membership control as affected by a system of dealer agencies.
 6. The nature and extent of farm organization participation in the decision-making of cooperatives. (This includes representation on boards of directors, veto powers, aids in financing, management boards, and other methods.)
 7. The use of fact finding and research in decision making.
 8. Influence of lending agencies on decision making.
 9. Problems involved in effective division of controls between the federation and its affiliated cooperatives.
 10. Functioning of local advisory committees in the decision making of local branches of centralized cooperatives.
 11. Extent to which cooperatives are subject to influence of single individuals, or small, active, minority groups.
 12. Democratic processes and practices in cooperatives.
 13. Techniques of determining areas of responsibility in cooperatives of varying size. (What are the ways of distributing the duties and responsibilities of members, directors, and key employees? How valuable are mechanical aids such as organizational charts? What policies and methods are most useful under practical conditions? How and to what extent should members, directors, and managers delegate authority? How can members or directors know when control has been properly or improperly delegated?)

RELATIONSHIP OF AGRICULTURAL COOPERATIVES TO THEIR SOCIAL ENVIRONMENT

Cooperative organizations are not the only groups which supply goods and services to the general farm population. In addition, other farm organizations feel they have vested interests in supplying selected services. In another area, both cooperative and noncooperative farm organizations purport to speak for the farmer in legislative matters. This inter-relatedness of various functional areas occurs at all levels of organization--national, state, and local.

The cooperative philosophy of organization has been given much encouragement by lawmakers in the past few decades. Recently, since the cooperatives have expanded and absorbed business formerly held by other groups, an organized counter movement is attempting to sway public opinion

against cooperatives. Therefore, cooperatives are concerned about prevailing public opinions regarding the cooperative concept as well as techniques of promoting and maintaining favorable attitudes.

Public opinions are formed primarily within the local communities where cooperatives operate. The cooperative becomes a part of the social organization which influences the behavior of community members. The extent to which cooperatives promote a better community in which to live will likely influence attitudes of various groups toward cooperatives.

RELATIONSHIP BETWEEN COOPERATIVES AND OTHER FARM ORGANIZATIONS

Problems and Needs

There are in agriculture many organizations performing services for it. Supposedly those organizations will be used in a composite or pattern which will do the best total job for the individual member as well as the whole of agriculture. Usually the general farm organizations, such as the Grange, Farmers Union, and Farm Bureau, take care of general policy problems (such as taking a stand on proposed legislation concerned with general agricultural welfare). Likewise, the cooperatives usually operate independently at the will of their members in providing specific goods or services, or supporting proposed legislation which directly affects them. While both cooperatives and general farm organizations may not want to operate in areas usually covered by the other, questions frequently arise as to whether one or the other should provide a particular service or whether both should provide it jointly.

Research Areas

1. The attitude of members, present and potential, as to which agency should provide the service or services under consideration.
2. A comparison of the problems and costs of providing the service or services by a cooperative and by a general farm organization.
3. The extent to which work for a general farm organization should be done by a cooperative.
4. The extent to which cooperative information and membership work should be done by a general farm organization.
5. The influence of general farm organizations upon the nature, objectives, and operation of cooperatives.

RELATIONSHIP BETWEEN COOPERATIVES AND THEIR COMMUNITIES

The Relation Of Social Ecology To Cooperatives

Problems and Needs

As people adjust their social organization and relationships to physical environment, conditions may arise that are favorable to the formation

and success of cooperatives. Many early cooperatives were established on a small neighborhood basis because of poor transportation facilities and lack of technological development. Present-day developments have changed this ecological base. Some physical environments may be more favorable to the formation of cooperatives than others. Density of population, percentage of residents of a given territory who are members of a cooperative, and the pattern of settlement may be important factors in determining the success of cooperatives.

Research Areas

1. Significance of type of settlement important in determining the success of cooperatives. (Village centered, dispersed farmstead, line village.)
2. Are areas that are limited in productive alternatives such as grain or cotton more likely to have successful cooperatives?
3. Relation of physical isolation of areas of comparable size and activity to cooperative success.
4. Extent to which optimum proportion and distribution of members in a given area are needed for successful cooperatives.
5. Are there optimum service areas from the social as well as economic point of view for various types of cooperatives?
6. Effect of decentralization of markets and industries upon the possibilities for successful cooperatives.
7. Do severe climatic fluctuations affect the success of cooperatives?
8. Effect of heterogeneity of population within an area upon the growth and character of cooperatives.
9. Institutional and social factors affecting the development of cooperatives. (The effect of churches, local business groups, and labor unions.)

The Social Effects Of Membership And Participation In Agricultural Cooperatives On The Community

Problems and Needs

Proponents and opponents of agricultural cooperation have contrasting views of its social and economic effects. To support their views, however, there are only impressions as to whether agricultural cooperation changes the knowledge, the values or attitudes and the social practices of people, or as to whether it results in improved community relationships and facilities. Research is needed on educational, cultural and social-psychological changes as well as of changes in income or economic

conditions. By many people, cooperative organization is believed to be a good thing because cooperation is considered wholesome. Others take an opposite position. Certainly, one test of the "goodness" of cooperative organization would be a measure of what it does to people and communities.

Research Areas

1. The influence of agricultural cooperatives on knowledge and understanding of marketing processes and costs.
2. The influence of agricultural cooperatives on adoption of improved production and management practices on farms.
3. The influence of agricultural cooperatives on attitudes of self-help, mutual aid, governmental responsibility, agriculture's relation to other industries, and similar attitudes.
4. The influence of agricultural cooperatives on stimulation of community enterprises in education, civic development, health, and welfare.
5. The influence of agricultural cooperatives on the standard of living of the community, sense of community responsibility, business ethics, and interest in national affairs.
6. Appraisal of the extent to which cooperative activities affect the best use of resources through affecting moral and ethical standards in business.

RELATIONS OF COOPERATIVES WITH THEIR PUBLICS

Problems and Needs

Organizations and programs frequently become public issues in that large numbers of people indorse and actively support them while other people have a parallel feeling of opposition. The support or opposition is expressed through public opinion and individual action appropriate to their feelings. Cooperatives have become an issue in that many people have strong favorable attitudes toward them, although they may not be members, while others feel strongly opposed.

Today there are many cooperatives whose membership covers several states. Decisions are frequently made by a small group whom the individual member seldom sees. The cooperative structure may be so large and interwoven that people find it difficult to grasp it intellectually or psychologically. Therefore, their attitudes toward it are likely to be based on experience with a small part of the structure which they fail to identify with the whole. What techniques and principles significant in creating a public can be used by a cooperative in bringing about greater identification with cooperative issues?

Cooperatives are becoming increasingly cognizant of the necessity of carrying on public relations work. This involves finding what the public

expects from and wants to know about cooperatives and the development of a program of work which will do the job most effectively, cost considered.

Research Areas

1. Attitudes of the public toward the local cooperative.
2. Information which (a) the public has, and (b) would like to have, about the cooperative.
3. Measurement of effectiveness of alternative ways (a) of giving information to the public, and (b) of obtaining information from the public for its public relations program.
4. Techniques of neutralizing opposing publics.
5. Effects of operating techniques such as price policies on public relations.
6. The influence of fears that there will be nonlocal control of local cooperative business.
7. The influence of cliques and factions on conflict over agricultural cooperation in a community.
8. The resolution of conflicts through changing attitudes among businessmen if and when they realize that they will profit from improvement in the economic position of farmers, or that they themselves are patrons of cooperatives.
9. The relation between "public" and "private" attitudes of farm and village persons toward cooperatives and toward other business enterprises.
10. Case histories of communities in which town-country conflicts related to the rise of cooperatives have been resolved. (Emphasis should be placed upon the ways in which the accommodation has been achieved, the role of leaders, the extent to which it has come about through elimination of competitors rather than by agreement.)
11. The influence of outside forces in stimulating community conflicts over agricultural cooperation.

DETERMINE THE MOST EFFECTIVE METHODS OF CONDUCTING YOUTH AND
ADULT EDUCATION IN AGRICULTURAL COOPERATION

Problems and Needs - (To be developed)

Research Areas - (To be developed)

POLITICAL SCIENCE IMPLICATIONS OF COOPERATIVE PARTICIPATION
IN POLITICAL ACTIVITIES AND IN LEGISLATIVE EFFORTS

Problems and Needs - (To be developed)

Research Areas - (To be developed)

BASIC HISTORICAL, DESCRIPTIVE, AND STATISTICAL
INFORMATION RELATING TO AGRICULTURAL COOPERATION

Adequate statistical, descriptive, and historical data and information about cooperatives and cooperative activities are constantly needed for many purposes. Continuing series, possibly on an annual basis, for the measurement of cooperative growth on more bases than are now available are one of the areas where expansion and improvement are much needed for research workers and others analytically inclined. It is particularly desirable that figures be collected and maintained as measures indicative of growth through both horizontal combination (or integration) and vertical integration. Growth at the local level as well as through the addition of functions which carry farm commodities nearer to the consumer or which enable farmers to reach further toward sources of needed farm supplies, call for more detailed data, if adequate measures of trends are to be developed.

More specifically, information is needed to reveal trends and rates of growth both of local and regional associations, and in such functions as processing, marketing, wholesaling, jobbing, and retailing rendered by cooperatives in various commodity and service fields. Trends in value of assets and farmers' equities in their cooperatives are of definite value in the study of the status and changes taking place.

In addition to data on which continuing trends may be determined, direct-visit surveys of noncontinuing nature are needed to reveal details which it is not feasible or practicable to make on a trend basis. State or other smaller area studies made on direct-survey basis are desirable to disclose many characteristics or aspects of cooperative organization and operation which are not otherwise obtainable. Through these surveys, data can be collected which permit more detailed classification of associations and more adequate analysis than is possible through indirect or mail-survey methods. Classification and analysis can give effect to such factors as legal status; membership and director requirements; patronage-refund policies, procedures, and distribution; balance sheet analysis; sources of capital; and physical quantities of commodities handled.

National surveys of cooperatives probably must continue to remain on a mail-survey basis. Periodic or other direct surveys in limited areas serve as a basis for determining the validity of the national estimates. There is a continuing need for coordination of state surveys in order that the results between states may be comparable, thus increasing their usefulness.

DEVELOPMENT AND MAINTENANCE OF HISTORICAL RECORDS OF COOPERATIVES

Problems and Needs

Numerous studies in the historical field have been made but there is an unfilled need for further descriptive and analytical studies of historical nature. These studies need to be made while participants in the development of organizations and programs are available to assist the research worker in assembling his basic facts. Trends in cooperative policies and techniques can be evaluated and used only as guides for the future on the basis of adequate historical studies of growth and change.

Research Areas

1. Early beginnings of cooperation in marketing, purchasing, credit, and service associations.
2. Development of commodity marketing programs of the early 1920's.
3. Effect of the Federal Farm Board's program and policies on the development of cooperatives.
4. Development and growth of purchasing cooperatives.
5. Consolidation of cooperative enterprises.
6. Historical studies of vertical integration and its effect on cooperative organization and operations.

CRITICAL APPRAISAL OF COOPERATIVE PROGRESS OR REGRESSION

(To be developed)

DEVELOPMENT AND MAINTENANCE OF STATISTICAL RECORDS

Problems and Needs

Some of the important problems and needs in this particular area are stated in the discussion on page 44. Others will occur to the research worker in this field. The following incomplete listing reflects some of these needs.

Research Areas

1. Statistics descriptive of the present status of cooperatives such as numbers of associations, members and other patrons, volume of business by functions and services performed.
2. Measurement of trends.
3. Development of operating and financial standards and ratios for various types of cooperatives under varying conditions.

4. Statistical information needed for appraising and answering current problems.

5. Appraisal of statistical methods and procedures used in collecting and analyzing data on agricultural cooperation including testing of statistical sampling procedures.

APPENDIX

The appendix consists of a limited number of statements of specific projects which may be developed under subdivisions of the various problem areas. For the purpose of this preliminary report, illustrative statements follow in tentative form.

ILLUSTRATIVE PROJECT STATEMENT A

Project statement A is drawn from "The loan capital theory in cooperative financing," under "The financing problems of cooperatives" of the primary topic, "The cooperative as a form of economic organization."

Title: The "loan capital" theory in cooperative financing.

Objectives:

- (1) To analyze the economic nature of share capital of the cooperative,
- (2) To segregate characteristics which distinguish it on the one hand from the share capital of noncooperative corporations organized for profit and, on the other hand, from borrowed capital, and finally,
- (3) To weigh the significance of these characteristics.

Justification: There is considerable misunderstanding--certainly on the part of the layman--of the characteristics which distinguish the cooperatives from other forms of business organization. More specifically, there is need for analysis of the economic nature of share capital of the cooperative. This in turn might help to answer the question of whether dividends (or interest) declared on such share capital is taxable income of the organization. Likewise, it may provide at least part of the basic economic analysis necessary for determining whether or not the cooperative should be recognized as a legal being sufficiently different from noncooperative corporations as to warrant separate and distinct statutory treatment.

Statement of problem: One of the basic principles of cooperative organization is that of limited returns to share capital. Although such capital in a cooperative has some of the elements of risk capital, yet in other respects it is in a distinctly different position than the share capital of corporations organized for profit. It is not the residual claimant of net margins realized in the operations of the business. Its value per share cannot exceed par since all net margins must be allocated on a patronage basis. On the other hand, it has characteristics which distinguish it from borrowed capital. In the light of economic theory, is the role of share capital in the cooperative distinctive from that in other forms of business organization? If so, what

concepts are tenable? Does the fact that members of the cooperative have primary responsibility to supply share capital, not as investors but as patrons seeking its services, change the economic character of such capital? What is the economic significance, if any, of the separation of control from ownership of share capital to be found in organization structures of many cooperatives? In short, does the share capital in the true cooperative have characteristics which mark it as distinctly different in the economic sense from both risk capital and borrowed capital?

Procedure: The following plan of work is proposed:

- (1) An intensive search of economic literature relating to the factors of production with particular reference to capital as such a factor.
- (2) An analysis of the organizational and financial structures of representative cooperatives to provide information on the status of share capital from the standpoint of returns, risk and uncertainty, organizational control, and other factors. This analysis should also consider borrowed capital.
- (3) If necessary, a similar analysis of corporations organized for profit should be made, Certainly a review of authoritative works on corporate finance is necessary.
- (4) Qualitative analysis to develop conclusions.

ILLUSTRATIVE PROJECT STATEMENT B

The following is an example of a research project under "Combination of the factors and combination of enterprises in the cooperative," under the principal heading, "The cooperative as a form of economic organization."

Title: The efficiency of county and community units as a basis for cooperative distribution of farm supplies.

Objective: The expansion of cooperative distribution of farm supplies during the last 20 years has been characterized by the use of two types of local units. One of these is typically a county unit with or without branch outlets within the county. The other is a community or trade area unit with no particular reference to county lines and with no branch outlets. The objective of this study is to determine the efficiency and other advantages and limitations of each type of unit for the distribution of different broad classes of products.

Definition: Some cooperatives have found the trade area unit satisfactory for distributing feeds and related items but too small for distributing others such as petroleum and perhaps other items. Others have found the county unit acceptable for the distribution of petroleum but have opened branches to conveniently reach their patrons with feeds.

Information is needed on this problem to guide future expansion of existing cooperatives and the development of new units.

Procedure: This study will be made through the cooperation of regional cooperatives operating in the field. Each will be asked to supply data on operating costs for every tenth distribution unit in their respective organizations. In addition it will be desirable to obtain volume by major groups of commodities and the number of patrons for each local unit studied. These data, with proper consideration for deficiencies in accounting practice and types of commodities, will furnish the basis for determining the relative efficiency of each type of unit.

In addition, it will be desirable to visit each of the units being studied. At each point additional data on facilities, practices, and potential volume in the area will be obtained. At 10 percent of the sample units, interviews will be made with farmers who use the service for part of their requirements and with other farmers who do not use the service to determine whether or not the type of unit affects their patronage.

ILLUSTRATIVE PROJECT STATEMENT C

Project statement C is illustrative of a project based on "Methods of attaining the objective of operation at cost in a cooperative" under, "Operational techniques," of the primary topic, "The cooperative as a form of economic organization."

Title: Problems in equitably determining and allocating patronage refunds.

Objectives:

- (1) To analyze the equity and significance of various methods used by cooperatives in ascertaining their returns and costs of operation and in reflecting these returns and costs equitably to the members;
- (2) On the basis of this analysis indicate principles or suggestions which may be used by cooperatives to improve their methods.

Need: Laws under which cooperatives have been organized charge the cooperatives with the responsibility of carrying on their activities so that no profit accrues to the cooperative. Research is needed to determine the fairest and most practical method of allocating costs and returns to individual members. Within individual cooperatives which handle several products, or those which act as both purchasing and marketing agent, problems are continually arising as to how to allocate costs and returns, and how to refund underpayments or overcharges to the individual member on an equitable basis. Particular problems arise when losses occur on some items, and there are variable amounts of gain on others. More information is needed regarding practices followed in order that the most equitable and practical plans may be adopted by a greater number of cooperatives.

Hypotheses:

- (1) Present methods of reflecting costs and returns in many cooperatives are not satisfactory, and
- (2) More equitable methods of allocating costs and returns have been developed by some cooperatives from which principles may be derived which would be valuable to the others in improving their methods.

Procedure: The scope and extent of this project must necessarily be modified by the individual researcher who will determine how extensive a project to undertake. It will likewise be affected by the amount of basic data already available to the researcher.

The following steps of procedure are suggested:

- (1) Review the literature on the subject.
- (2) Decide whether (a) to confine the study within a particular type (commodity wise) and particular size (local or regional), and (b) to include an analysis of both pooling and patronage refund techniques and practices, or only one of these methods.
- (3) The researcher will need to find out what methods exist in the area which he decides to study. Then he will need to select a sample of cooperatives to be personally contacted. The case study approach is suggested.
- (4) Analyze the differences, the costs of using different methods, and how different methods of allocating costs and returns have and will affect the individual members.

ILLUSTRATIVE PROJECT STATEMENT D

Project statement D is drawn from "Overcoming disadvantages of small-scale units," under the principal topic, "The economic role of the cooperative with relation to the market."

Title: A comparison of the efficiencies of multiple-unit and single-unit cooperative elevator associations.

Need: Two types of farmers' elevator cooperatives are commonly found in grain areas of the country. The single-unit elevator association operates at only one point while the multiple-unit elevator association operates at several points. Both, however, have unified management--there is just one board of directors and one top management. Both of these groups need to know which is the better type of operation, or at least the nature of the advantages and disadvantages, so that they may adjust or modify their operations in the direction of greater efficiency. Administrative officers of cooperative grain dealers associations have asked for this type of information.

Objectives: To determine which type of organization, single-unit or multiple-unit, provides like marketing services at lower costs.

Procedure:

1. Select a sample of at least three multiple unit and three clusters of three or more single unit cooperative organizations. The minimum size means that the analysis will be mainly a case study. Securing a sample adequate statistically for the detailed analysis desired will be practically impossible.
2. Obtain cost data and behavior characteristics by detailed but similar analyses of each of the multiple-units and each of the single unit clusters. Try to determine what cost changes would occur among the single units if those in a cluster were made into a multiple unit.
3. Build one or several models for comparison purposes of one single unit and one multiple unit. This is necessary because there are many differences in facilities such as type, age, and construction in those actually existing.
4. Make several types of cost comparisons with different services provided in one or both parts of the single-multiple model. For example, consider the multiple with (a) sidelines at headquarters and all branches, (b) sidelines at headquarters only, (c) year around operation of grain facilities at all branches and headquarters, and with (d) seasonal operation of grain facilities at branches and year around operation at headquarters.
5. Isolate the points of advantage which each type of operation has over the other.

ILLUSTRATIVE PROJECT STATEMENT E

The following project statement E is drawn from "The role of cooperatives in improving the procurement of farm production supplies," under the principal heading, "The economic role of the cooperative with relation to the market."

Title: A study of possibilities for integration in the manufacturing and distribution of fertilizer by cooperatives in the Midwestern and Western Areas of the United States.

Objectives:

- (1) To analyze the economic forces having a bearing on the overall development of the cooperative fertilizer industry in the two regions;
- (2) To ascertain the extent to which integration on the part of cooperatives is possible in the development of their fertilizer program in these regions;
- (3) To evaluate possible ways in which integration may be facilitated.

Justification: The use of fertilizer in the Midwestern and Western Areas of the United States has increased more rapidly than in any other region. To meet the needs of farmers in these regions, cooperatives have developed extensive acidulating and manufacturing facilities and groups of cooperatives have acquired phosphate holdings in the West for the eventual development of the mine-to-farm fertilizer procurement and distribution program. There is need for a better understanding of the economic forces affecting the development of such a program and for a comprehensive analysis of the problems involved. Such an analysis would provide information useful in determining how far and to what extent cooperatives should integrate their operations in the development of fertilizer programs in these areas.

Statement of Problems: If cooperatives are to develop sound policies with respect to the establishment of an integrated fertilizer program, basic information is needed with respect to such questions as: (1) capital expenditures necessary for the development of such a program; (2) the impacts of technological developments on choice of processing methods, competitive position, transportation costs, location of facilities, and distribution practices; (3) the extent to which interests of Western and Midwestern farmers can be coordinated so as to reduce expenditures, introduce economies of scale, and assure competent management and direction of cooperative business operations.

Procedure: The plan of work suggested is as follows: (1) a comprehensive search of literature on the subject and investigation of the extent to which various State and Federal agencies have information bearing on this problem; (2) assemble background information with regard to history of distribution giving consideration to kinds of fertilizer sold to cooperative members, trends in competition, and technical changes in application methods; (3) similar information will be obtained with regard to procurement and manufacturing operations; (4) evaluate the role of cooperatives in the fertilizer industry in two regions giving consideration to: (a) adjustment to technical developments, (b) adequacy of present facilities, (c) location of manufacturing facilities, and (d) the competitive position of cooperatives in the fertilizer industry; (5) relation of this program to other cooperative activities.

ILLUSTRATIVE PROJECT STATEMENT F

This project statement is based on the subsection "Individual and group characteristics which are associated with participation in cooperatives," under the principal heading, "Internal social organization of agricultural cooperatives."

Hypothesis: The index of participation in cooperatives is positively correlated with the individual's score on socio-economic status.

Procedure:

1. Definition of concepts. "Participation" as used in this study refers to the identification with, and activity in a cooperative organization.

In degree, it ranges from zero (non-participation), to nominal membership, to membership plus frequency of attendance at meetings, serving on committees, and holding an office.

The word "group" refers to aggregates of persons with a sense of belonging together, and distinguished from other groups by virtue of characteristics peculiar to them, such as common ethnic, religious, racial, political, or other cultural traits.

"Socio-economic status" is in general the standing of an individual in the community. Specifically, it is to be measured quantitatively by the use of an existing socio-metric scale such as the Sewell socio-economic status scale or one developed for the purpose by the investigator.

2. The scope of the study in terms of area and population can be determined by the investigator's time and resources available. It may be limited to one community or type of cooperative, or may cover more than one. For example, the objectives may be to determine if there are differences in the participation--status relationship between a buying and selling cooperative in the same community.

3. Using the measuring devices which have been developed and subjected to a preliminary test, interviews will be had with all families in the selected area. A "face sheet" should be used along with the scales to secure additional background information in respondents. This face sheet would include such items as farm size, age, sex, nationality background, occupation, and religious preference. The face sheet information will provide the opportunities for holding constant some variables through subgrouping and cross-classification.

4. The data can be analyzed by the usual correlation and other statistical devices.

ILLUSTRATIVE PROJECT STATEMENT G

This project is drawn from the subhead, "The social effects of membership and participation in agricultural cooperatives on the community," under the principal heading, "Relationships of agricultural cooperatives to their social environment".

Title: The influence of agricultural cooperatives on attitudes and psychological values of farm people.

Objectives: To identify changes in the attitudes of farmers toward self-help and self-responsibility versus community and governmental responsibility, and to correlate these changes with the organization and development of agricultural cooperatives.

Need: It is generally believed that agricultural cooperatives not only enhance economic well-being, but also influence the development and spread of "social attitudes" among rural people. Some opponents of

cooperation charge that "unwholesome" or "unsound" or "un-American" attitudes are fostered by cooperatives. Others take the opposite view. The need here is to discover, by research procedure, the nature and content of attitudes that are associated with the development of agricultural cooperatives.

Procedures: This project could be planned to compare attitudes (a) in communities with different experiences in cooperation, (b) of individuals with and without experience in cooperation, (c) of individuals before and after experiences in cooperation, or (d) of individual's reports of present and former attitude. Procedures listed below relate especially to (d) above, but have implications for each of the other three possible research plans.

1. One of the most effective ways of studying change (d above) is to have a time-sequence of observations that permit before-and-after comparisons to be made, but this will often not be possible in studies of cooperatives. Observations will ordinarily be made in communities where agricultural cooperatives already exist and the "before" observations will have to be in retrospect.

2. Data will be obtained by interview with representative members of selected agricultural cooperatives in selected communities.

3. The selection of cooperatives and communities can be made on the basis of types of cooperatives and types of communities, as may seem appropriate to the leaders of the project.

4. Interview schedules can be formulated to include certain formal items covering degrees of membership and participation and numerous "open-ended" queries to be modified by field reconnaissance and pre-testing.

5. Areas of inquiry suggested to the designers of a schedule are:

a. Identification of the community and its agricultural cooperatives.

b. Identification of informant, as usual in sociological studies.

c. Items characterizing the family and farm.

d. Detailed descriptions of informant's relation to and experience in cooperation, together with a general social participation inventory.

e. Attitude and opinion questions (some of which may be reduced to check-list form, after sufficient reconnaissance with open-end form).

(1) A typical question form may ask for present attitude and pre-cooperative experience attitude.

(2) The content of the questions would be determined by the specific hypotheses being tested.

